

Message Text

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ACTION EA-06

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TO SECSTATE WASHDC 7404
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AMEMBASSY MANILA
AMEMBASSY SINGAPORE

C O N F I D E N T I A L BANGKOK 22983

NOFORN

LIMDIS

E.O. 11652: GDS
TAGS: PINT, EAID, TH, JA
SUBJECT: JAPANESE ECONOMIC ASSISTANCE TO THAILAND

1. DURING LUNCHEON MEETING WITH DCM, JAPANESE CHARGE D'AFFAIRES YOSHINAO ODAKA DISCUSSED CURRENT STATUS JAPANESE 200 MILLION DOLLAR "AID" PACKAGE WHICH PRIME MINISTER THANIN SECURED FROM GOJ.

2. ACCORDING ODAKA THE 200 MILLION DOLLAR PACKAGE IS IN FACT LESS THAN THAT. HE EXPLAINED THAT PRIME MINISTER FUKUDA HAD AGREED TO 100 MILLION DOLLARS IN ECONOMIC ASSISTANCE DURING HIS AUGUST VISIT TO BANGKOK. WHEN PRIME MINISTER THANIN WENT TO TOKYO HE PRESSED STRONGLY FOR AN ADDITIONAL \$100 MILLION IN ECONOMIC ASSISTANCE. UNDER INTENSE PRESSURE FROM THANIN, FUKUDA AGREED TO AN ADDITIONAL \$50 MILLION IN ECONOMIC ASSISTANCE SUBJECT TO AGREEMENT ON THE SPECIFIC
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PROJECTS, TO BE DISBURSED OVER A TWO-YEAR PERIOD (30 MILLION IN FIRST YEAR; 20 MILLION IN SECOND). FOR POLITICAL REASONS THANIN INSISTED HE HAD TO COME BACK WITH 200 MILLION FIGURE. CONSEQUENTLY, FUKUDA AGREED TO PROVIDE 50 MILLION IN EX-IM LOANS, NOT ECONOMIC ASSISTANCE. WHEN THANIN PRESSED TO PUT IN A JOINT COMMUNIQUE THE OVERALL 200 MILLION ECONOMIC ASSISTANCE FIGURE,

JAPANESE DECLINED BUT DID AGREE THAT THANIN COULD DESCRIBE OVERALL ECONOMIC PACKAGE IN WHATEVER TERMS HE WISHED, I.E. GOJ WOULD NOT CONTRADICT THANIN'S CLAIM THAT HE RECEIVED 200 MILLION IN ECONOMIC ASSISTANCE.

3. ODAKA SAID, HOWEVER, THAT THANIN HAS NOW PRESENTED GOJ WITH A MAJOR PROBLEM IN IMPLEMENTING AGREEMENT ON ECONOMIC ASSISTANCE. HE SAID ORIGINALLY SOME 17 PROJECTS HAD BEEN IDENTIFIED FOR FUNDING. HOWEVER, LAST WEEK PRIME MINISTER THANIN IN EFFECT PROPOSED SCRAPPING MOST IF NOT ALL OF THESE PROJECTS TO FOCUS ON HIS OWN RURAL DEVELOPMENT PLANS. HE SPECIFICALLY REQUESTED THAT GOJ AUTHORIZED DISBURSEMENT FOR HIS DEVELOPMENT PROGRAM BEFORE THE BEGINNING OF NEXT FISCAL YEAR. THANIN INDICATED THAT HE WANTED TO BE ABLE TO BEGIN DISBURSEMENTS AT LEAST BY FEBRUARY 1978.

5. ODAKA SAID THANIN'S REQUEST POSED TWO PROBLEMS FOR GOJ. FIRST OF ALL ANY SIGNIFICANT REVISION OF PROJECTS ORIGINALLY AGREED UPON WOULD ENTAIL MAJOR DETAILED NEGOTIATIONS WHICH COULD HARDLY BE COMPLETED IN TIME TO MEET THANIN'S TARGET DATE OF FEBRUARY.

6. A MORE DIFFICULT PROBLEM WHICH GOJ FACES, ODAKA SAID, IS ITS CONCERN ABOUT THE LONG-TERM VIABILITY OF THE THANIN GOVERNMENT. GOJ IS NOT SURE WHERE THANIN WILL BE CONFIDENTIAL

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IN OFFICE IN FEBRUARY, OR HOW LONG HIS HOLD ON POWER WOULD BE IF HE WAS. FURTHER IT IS CLEAR THAT THE THANIN ECONOMIC MINISTRIES ARE DRAGING THEIR FEET ON PROVIDING DETAILED INFORMATION ON THANIN'S NEW PROPOSAL SINCE HE HAS IN EFFECT DUMPED THEIR CAREFULLY WORKED OUT PROJECTS. IN THESE CIRCUMSTANCES, ODAKA SAID GOJ IS IN REAL DILEMMA AND IS NOT SURE HOW ITS WILL HANDLE SITUATION.

7. ODAKA INDICATED ABOVE INFORMATION WAS SENSITIVE AND SHOULD BE CLOSELY HELD.
WHITEHOUSE

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